

## **\*2.11 AUTHORIZATION TO COMMENCE PLAN AMENDMENT PROCESS**

### **Consideration of Authorization to Proceed with the Industrial Area Plan Amendment Process to Increase the Tax Increment Revenue Cap for the Purpose of Financing Redevelopment Efforts in the Four Redevelopment Project Areas of Irvington, Niles, Centerville and the Industrial Area**

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#### **This item is being presented to the City Council and the Redevelopment Agency**

**Executive Summary:** This item requests the Agency Board and City Council authorize staff to begin the process to increase the tax increment revenue cap for the Industrial Redevelopment Project Area (the “Industrial Project Area”) through a Plan Amendment. The purpose of this Plan Amendment is to provide the Agency with additional financial resources necessary to contribute to the completion of an Irvington BART station and other redevelopment program activities identified in the amended and restated redevelopment plans (the “1998 Amended Plans”) for the City’s four redevelopment project areas (Irvington, Niles, Centerville and Industrial area). The Plan Amendment can create a financing solution for the Irvington BART station and, due to increased costs of the interchange, grade separation and other redevelopment projects and programs funded by the Agency, provide funds for projects in the historic project areas. A significant increase in funding for affordable housing would also result.

The primary source of funding for the redevelopment programs identified in the 1998 Amended Plans is the tax increment generated from the Industrial Project Area (which may be expended in the City’s other three project areas as a result of the 1998 financial merger of the four project areas). It is now estimated that the current \$400 million cap on the receipt of Industrial Project Area tax increment will not be sufficient to provide the needed funding for the redevelopment program activities identified in the 1998 Amended Plans. Staff estimates the current cap will be reached in FY 2011-12.

Staff recommends the Agency Board and City Council adopt companion resolutions authorizing the Executive Director to:

- (1) Proceed with the proposed Plan Amendment for the Industrial Project Area to increase the tax increment cap by \$700 million, or approximately \$280 million Net Present Value (estimated and subject to revision as described in this report), providing additional resources to complete projects in the four redevelopment project areas (Irvington, Niles, Centerville and Industrial Area). During the plan amendment process, the obligations associated with the Plan Amendment (e.g. Cost of Irvington BART station, pass through payments to taxing agencies) would be refined to establish a final proposed cap increase figure.

- (2) Commence consultations with the taxing entities leading to possible amended pass-through agreements and other cooperative funding arrangements for further City Council/Agency Board consideration.
- (3) Commence negotiations with BART staff to develop a funding agreement for the Irvington BART station (for future Agency Board consideration) and to obtain BART Board approval of the project.
- (4) Retain appropriate legal, economic and environmental consultants to prepare the Plan Amendment, Preliminary and Final Reports on the Plan Amendment, CEQA environmental document and other documentation required to complete the plan amendment process subject to the City's and the Agency's contracting processes.
- (5) Appropriate \$450,000 from the Agency's non-housing Fund No. 950 to Fund 950RDA1036 to support the consultant work on this project.

The recommended resolutions would additionally designate the City as the "lead agency" and the Agency as the "responsible agency" under CEQA for preparation of the appropriate CEQA documentation of the proposed Plan Amendment, and determine in accordance with the Redevelopment Law that the nature and scope of the proposed Plan Amendment does not require formation of a project area committee.

**BACKGROUND:** As a part of the 1998 Amended Plans, the Agency Board and City Council identified the construction of the Irvington BART station as an eligible use of Agency funds to stimulate revitalization of the Irvington Project Area. BART has defined the Irvington BART station as an optional station and the station is being evaluated in the supplemental environmental impact report for the Warm Springs extension, as discussed later in this report. However, BART has not allocated funding for the station. Given the competing demands for transportation funding, staff does not believe it is likely that alternate sources of state and federal funds will be available for this station in the near-medium term.

In mid-2001, staff began studying the potential to raise additional redevelopment funds that would provide a potential funding source for the BART Warm Springs Extension (WSX), which included both an Irvington and Warm Springs station. In addition, costs of major projects like the I-880 interchanges, the Washington Boulevard grade separation, and unified development area redevelopment activities had increased far more than anticipated at the time of the 1998 Amended Plans, and it became clear that additional funds from the Agency would be needed. Increasing the tax increment revenue cap for the Industrial Project Area through the proposed Plan Amendment could provide the Agency with the resources to complete other key projects in the four redevelopment project areas.

During late 2001, City staff had preliminary discussions about the proposed Plan Amendment with the County of Alameda. The City Manager and County Administrator's staffs met to discuss the potential property tax increment increase and the projects that would be funded under the Plan Amendment, focusing primarily on raising funds for the BART extension. At the request of Alameda County staff, the City also evaluated the possibility of creating a special assessment district to pay for the Irvington BART station. It was determined that this was not a feasible option, given the need for support of the property owners and the regional benefit an Irvington BART station would provide. In December 2001, the County Administrator's Office indicated it was willing to work with the City if it chose to pursue the Plan Amendment, acknowledging its interest to identify opportunities that would benefit both the City and the County, such as public facilities improvements and affordable housing.

**Discussion:** The balance of this report is comprised of the following sections:

- I. Benefits of the Plan Amendment
- II. Relationship of Plan Amendment to BART Warm Springs Extension Decision-Making
- III. Preliminary Financial Parameters of Plan Amendment
- IV. Preliminary Estimated Fiscal Impact of Plan Amendment on Taxing Agencies
- V. Key Components of Plan Amendment Process
- VI. Proposed Timeframe for Plan Amendment Process
- VII. Consultant / Legal Team to Support Plan Amendment Process

- I. *Benefits of the Plan Amendment:*** As previously stated, the purpose of this Plan Amendment is to provide the Agency with additional financial resources necessary to contribute to the completion of an Irvington BART station and other redevelopment program activities that were previously identified and authorized in the 1998 Amended Plans for the City's four redevelopment project areas.

The City's commitment to secure potential funding for the Irvington BART station remains a priority. Although BART was able to secure funds for the Warm Springs Extension primarily through the voter-approved Measure B sales tax initiative (November 2000) and other state initiatives, funding for the Irvington BART station has not yet been identified. The Plan Amendment could raise the funds to contribute to the construction of the Irvington station, which is considered a significant component of the redevelopment effort for the Irvington Project Area.

The proposed projects in the redevelopment project areas (e.g., Building Rehabilitation, Façade Improvement and Historic Preservation, Public Infrastructure and Facilities, Property Acquisition, Affordable Housing) would remain the same as set forth in the 1998 Amended Plans, with the Irvington BART station becoming a financially more prominent component of the redevelopment expenditure plan under the Plan Amendment. While the overall program remains the same, the funding requirements for implementing several of the projects have increased since the time the 1998 Amended Plans were adopted. For instance, the cost of the interchanges and the Washington Boulevard grade separation continued to increase in the last few years. The 1998 estimated cost of the interchanges was \$82 million, with the Agency contributing \$31 million. The current estimate is \$246 million (Dixon Landing @ \$66.5 million and Mission Blvd. @ \$160 million) with the Agency's share of \$87 million (Dixon Landing @ \$20.7 million and Mission Blvd. @ \$66.5 million), as programmed in the Agency's Project Appropriation Plan. Similarly, the cost of the Washington Boulevard grade separation project has exceeded the 1998 cost estimate of \$38 million. It is now estimated to cost \$66.5 million and the Agency's contribution is anticipated to exceed the \$2.8 million already programmed in the Agency's Project Appropriation Plan. In order to ensure that these infrastructure programs can be completed, the Agency has had to transfer more than \$50 million in funding for local redevelopment projects to the interchanges and is anticipated to contribute additional funds for the grade separation. These infrastructure projects are critical to enhancing access to the project areas and creating an environment that supports new private investment.

In addition to the infrastructure programs, cost estimates for redevelopment projects (e.g., Centerville Unified Redevelopment Area, Irvington Unified redevelopment Area) identified in the 1998 Amended Plans in the historic project areas have been refined and increased. Key infrastructure improvements and site acquisition costs for other projects in the historic districts programmed in the 1998 Amended Plans could also be funded through the Industrial Project Area tax increment revenue cap increase in the proposed Plan Amendment. Proceeding with the Plan Amendment would not affect the funding proposed for projects in the project areas as identified in the Agency's recently approved FY 2002-03 Project Appropriations Plan.

**II. *Relationship of Plan Amendment to BART Warm Springs Extension Decision-Making:*** In the past, the City has worked closely with BART on projects of mutual interest to the City and BART, most recently the Washington grade separation and planning of the Warm Springs Extension. City staff has continually been involved in BART station planning in Fremont and has advocated for both a Warm Springs and Irvington station that would serve the city and neighboring communities.

Over the years, the City has worked with BART to ensure the Irvington station remained a part of BART's extension plans in the South Bay. BART has been equally supportive of a two-station plan in Fremont, as evidenced in BART Board's adoption of the build out plan for the South Bay in 1992 that includes both stations. However, funding to build the Warm Springs extension had not been identified until recently when the voters approved Measure B in November 2000. Given BART's design requirements and budget limitations, Measure B funds would only provide enough funding to cover the cost of building one station and run at grade (not in a tunnel or on an elevated track) through the Irvington and Warm Springs areas. As a result of a review process by the Expenditure Plan Development Committee that involved representatives from local South Bay cities including Fremont, the project included in the reauthorization of Measure B was the Warm Springs extension without an Irvington Station. Additionally, the Warm Springs station would provide the necessary link from Fremont to the BART extension to San Jose, which is also currently being planned by the Santa Clara Valley Transportation Authority and BART.

In early 2002, City staff began meeting with BART planning staff to commence discussions on the potential of including the Irvington station in the planning and construction of the Warm Springs extension. BART has already begun planning the Warm Springs extension and is currently processing the supplemental environmental review and preliminary design of the project. BART planning staff has indicated support for the Irvington station project, provided a funding program existed. If possible given the timing of the Warm Springs Extension and if financing could be secured, it would be more cost-effective to build the Irvington Station at the same time as the Warm Springs extension rather than wait to build it separately in the future. BART planning staff also indicated a willingness to negotiate a funding agreement defining the Agency future contribution to the project. This funding agreement would be necessary to define the amount and timing of the Agency's financial contribution to the project. Since the additional tax increment from the Industrial Project Area is estimated to be collected between FY 2011-12 and FY 2025-26, the Agency and BART would attempt to identify financial strategies to complete the station in an earlier timeframe.

If the City Council and Agency Board direct staff to proceed with the Plan Amendment process, City staff would begin negotiations with BART planning staff on a funding agreement for the Irvington station and to work towards getting BART Board approval of the agreement and certification of the supplemental EIR in December 2002. City staff discussions with BART staff indicate that a funding agreement between the Agency and BART is essential for getting the BART Board to consider inclusion of the Irvington station in the Warm Springs extension. However, City staff has also stressed that any funding agreement would need to be approved by the Agency Board and would be conditional upon City Council and Agency approval, in their policy discretion, of the Plan Amendment, which would be the mechanism for raising funds for the project.

BART is in the process of preparing a supplemental environmental impact report for the project (the "Warm Springs SEIR"). The Warm Springs draft SEIR is scheduled to be available in August 2002 and the Final Warm Springs SEIR is expected to go to BART Board for approval and certification in December 2002. The Irvington station is being evaluated as an alternative station in the Warm Springs SEIR although as mentioned previously, inclusion of the Irvington station in the Warm Springs extension planning has not yet been formally presented to the BART Board for consideration. According to BART staff, ridership numbers, traffic and parking impacts relevant to the Irvington station are some of the issues being considered in the Warm Springs SEIR. If the City Council and Agency Board direct staff to proceed with the Plan Amendment, staff would retain a consultant to coordinate the environmental review process for the Industrial Project Area Plan Amendment. The City/Agency EIR consultant would be responsible for reviewing documents and participating in meetings regarding the City/Agency interests in the BART Warm Springs SEIR, and would ultimately incorporate the findings relevant to the Irvington BART Station into the required environmental document for the Plan Amendment.

In addition to environmental issues, City staff is cognizant of the importance of BART station design and its relationship to the surrounding area. City staff has provided BART planning staff with information about redevelopment efforts underway in the Irvington historic district, including the proposed elements in the draft Irvington Concept Plan. In recent discussions about the proposed Plan Amendment, City staff stressed the need for community engagement throughout BART's Warm Springs extension planning. The City's engineering staff has also been involved in planning and implementing capital improvements around the proposed BART station site, specifically with the Washington Boulevard grade separation, and have ensured the City's interests were addressed in earlier discussions related to the location of the Irvington station. As part of the Plan Amendment process, City staff would work with BART planning staff to develop a community outreach strategy that includes study sessions with the City Council and BART Board and informational workshops with the Redevelopment Advisory Committee, local businesses and residents in Irvington and the larger community.

- III. Preliminary Financial Parameters of the Proposed Plan Amendment:** In order to accomplish the Agency's redevelopment program set forth above, staff has developed a preliminary estimate to increase the tax increment revenue cap by \$700 million (or \$280 million, Net Present Value) above the current \$400 million cap. As described below, this estimated cap increase will be refined over the next several months and the precise proposed cap increase will then be presented

for further City Council/Agency Board consideration. Staff recommends increasing the cap to a level that generates sufficient funds necessary to complete current and future projects in the redevelopment program, (that were identified in the 1998 Amended Plans), including the Irvington BART station (estimated to cost approximately \$73 million in current dollars). A cap increase of \$700 million would also provide an additional estimated \$140 million for affordable housing which would assist the City to meet its affordable housing goals as stated in the City's Housing Element. In addition, a portion of the tax increment revenue would be required to pay for costs associated with the Plan Amendment process, including continued tax increment pass-through payments and related measures to mitigate impacts of the Plan Amendments on the affected taxing entities, and certain administrative expenses of the Redevelopment Agency. The Agency's increased share of I-880 interchange improvement costs would continue to be funded from the existing \$400 million tax increment cap, thereby necessitating the need for the cap increase to fund the activities described above.

**IV. *Fiscal Impacts of Plan Amendment on Taxing Agencies:*** As part of the Plan Amendment process, Agency staff will develop a financial impact study to evaluate the effect of continued tax increment financing on the City and other taxing agencies.

Pursuant to the existing pass through agreements, a portion of the redevelopment revenues under the proposed increased Industrial Project Area tax increment cap will continue to be passed through to the affected taxing entities, thereby mitigating a portion of the fiscal effects of a Plan Amendment. The taxing entities can also gain benefits through cooperative arrangements with the Agency to provide funding for specific projects that are eligible for such funding under the Community Redevelopment Law. Previous examples of the kinds of projects the Agency could fund as a result of cooperative arrangements with other taxing agencies include:

(1) improvements to Niles Beach at Quarry Lakes (East Bay Regional Park District) and (2) improvements to the Niles Veterans Center (County of Alameda). With the ability to complete eligible projects that would otherwise not be funded, the net effect on the taxing entities of continued tax increment financing pursuant to the proposed Plan Amendment could be further mitigated.

Similar to other taxing entities, the City will not receive its full share of property tax revenue from the redevelopment areas. The City of Fremont General Fund would forgo significant revenue. This loss would need to be evaluated by the City Council in comparison to the resources generated to be used for redevelopment projects, affordable housing and major infrastructure projects that benefit the City and the region. As part of the Plan Amendment process, further analysis would determine the precise size of the tax increment cap increase for the Industrial Project Area and an updated expenditure plan for the redevelopment program would be developed. At a future study session, staff will present the Council and Agency Board an updated analysis of the tax increment revenue projections, the refined proposed tax increment cap increase, and the impacts of the Plan Amendment on the affected taxing entities.

**V. Key Components of the Plan Amendment Process:** This section outlines important elements of the Plan Amendment process.

- (1) Plan Amendment, Preliminary Report and Final Report:* Pursuant to the California Community Redevelopment Law (CRL), the Plan Amendment text and a Preliminary and Final Report must be prepared to describe the changes to the current Industrial Project Area redevelopment plan. These CRL documents would describe the updated proposed redevelopment program, and the rationale for the Plan Amendment. The reports will include an evaluation of the blight that remains in the project areas, an identification of any areas that are no longer blighted within the project areas, and an explanation as to why the proposed Plan Amendment is necessary to eliminate the remaining identified blight. For the proposed Industrial Project Area Plan Amendment, an updated blight analysis will be performed for all four project areas of Irvington, Niles, Centerville and the Industrial area. Although the proposed cap increase is only for the Industrial Project Area, the tax increment revenue generated as a result of the cap increase would be used in all four redevelopment areas, consistent with the financial merger that was accomplished through the 1998 Amended Plans. Public review of the Draft Plan Amendment and a public hearing on the Final Plan Amendment will be conducted, culminating in consideration by the City Council of the adoption of the Plan Amendment ordinance, tentatively proposed for September 2003.
- (2) CEQA Environmental Document:* Pursuant to the CRL and the California Environmental Quality Act (CEQA), an environmental document must be prepared to evaluate the environmental impacts of the Plan Amendment. The Agency prepared an environmental impact report (EIR) for the 1998 Amended Plans. Although the Agency does not plan to add any new projects to those identified in the 1998 Amended Plans, the Agency must review the 1998 EIR to determine if there are changed circumstances that would require additional information and analysis about the physical characteristics and anticipated environmental impacts of those previously identified projects and programs under the enhanced tax increment revenue expenditure plan made possible by the proposed Plan Amendment. Staff proposes to engage an environmental consultant who will be responsible for reviewing the 1998 EIR and incorporating information regarding present conditions surrounding the previously identified projects. In addition, the environmental consultant will need to integrate the relevant portions of the BART Warm Springs Extension SEIR regarding the Irvington station into the Plan Amendment's environmental document.
- (3) Discussions and Agreement with the Taxing Agencies:* After receiving authorization from the Council and Agency Board to proceed with the Plan Amendment, staff would begin discussions with the various taxing entities. Similar to the process for the 1998 Amended Plans, staff will meet with each taxing entity to discuss the effect of the proposed tax increment cap increase on their respective budgets. The discussions will consider the level of tax increment dollars that will be “passed through” to each entity under continued existing agreements, as well as other cooperative arrangements to assure that the future redevelopment program can simultaneously accomplish identified regional interests of various taxing entities consistent with the CRL.

Below is a list of the affected taxing agencies, each of which has a current pass-through agreement with the Agency and each of which will be further consulted through the Plan Amendment process.

- Alameda County
- Alameda County Flood Control District
- Alameda County Resource Conservation District
- Alameda County Office of Education
- Alameda County Library District
- Alameda County Water District
- AC Transit
- BART, including negotiations for funding agreement for the Irvington station
- Bay Area Air Quality Management District
- Fremont Unified School District
- Ohlone Community College District
- East Bay Regional Park District
- Mosquito Abatement
- Washington Hospital

The consultations with the taxing agencies would begin by August 2002, so that any required technical revisions to the current pass-through agreements and any appropriate cooperative arrangements for funding of redevelopment-eligible mutual benefit projects can be identified at an early stage and factored into the determination of the proposed Industrial Project Area cap increase under the Plan Amendment. Any necessary technical amendments to the pass-through agreements and any proposed cooperative funding arrangements for eligible projects can be approved prior to the adoption of the final Plan Amendment, conditional upon adoption of the Plan Amendment. Staff will provide the City Council/Agency Board a status of the consultations with the taxing agencies at a future study session in late Fall 2002.

- (4) *Community Engagement:* Staff will develop a public information strategy with the goal of keeping the public informed of key steps in the Plan Amendment process. The strategy will include study sessions with the City Council and Agency Board to discuss policy-related questions, such as determining the size of the cap and its impact on other taxing agencies, reviewing the goals and objectives of the redevelopment program and proposed expenditure plan, and providing status reports on the BART Board's decision-making process for the Warm Springs extension and Irvington station. Public informational workshops will be held with the Redevelopment Advisory Committee to keep the community informed on all aspects of the Plan Amendment process, such as the environmental review process and the redevelopment program including affordable housing development. Staff will coordinate with BART planning staff on arranging workshops for matters related to the Irvington BART station, including reviewing the Warm Springs SEIR, and design and construction of the Irvington station.

**VI. *Proposed Time Frame for the Plan Amendment:*** The Plan Amendment process is expected to take approximately eighteen (18) months and can be divided into three phases: (1) Feasibility



Analysis; (2) Documentation Review; and (3) Final Approval of the Plan Amendment. In the first six months (July through December 2002), Agency staff will conduct a feasibility analysis, begin consultations with the taxing entities and documentation of any mutually agreed fiscal mitigations, and commence negotiations with BART planning staff on a funding agreement for the Irvington BART station. At the end of the six-month period, Agency staff will have determined the following: (1) the precise size of the proposed Industrial Project Area tax increment cap increase, given the updated tax increment revenue projections and funding requirements; (2) an updated long-term expenditure plan; and (3) BART Board's decision on the Irvington station project, including consideration of a funding agreement for the Irvington station. The next phase (January through June 2003) will focus on public distribution and review of the required documents, including the Plan Amendment, Preliminary and Final Reports on the Plan Amendment, and required environmental documents. Public information workshops will be scheduled throughout the process to keep the public engaged and informed of the environmental review and Plan Amendment process, as well as BART's design process for the station. The final phase includes the public hearing on the Plan Amendment, and certification and approval of the final documents including the Final Plan Amendment, Final Report on the Plan Amendment and the Final CEQA environmental document.

The following is a proposed schedule of major actions for the 18-month period:

July 2002	Present Plan Amendment Proposal to City Council/Agency Board
July-Dec. 2002	Staff consultations with taxing entities and with BART planning staff (on funding agreement for the Irvington BART station)
Sept. 2002	Planning Commission approves Amended Preliminary Plan for Industrial Project Area
Dec. 2002	Agency Board consideration of funding agreement between Agency and BART (conditional upon successful completion of the Plan Amendment process).
Dec. 2002	BART Board consideration of Final Warm Springs Extension SEIR and Project, including the Irvington station. BART Board considers funding agreement between Agency and BART.
March 2003	Agency Board reviews proposed Plan Amendment, Preliminary Report, and Draft CEQA document. Authorizes public distribution of documents.
April 2003	Planning Commission Hearing on Draft CEQA Document
June 2003	Final Plan Amendment, Final Report on Plan Amendment, Final CEQA Document, and any financial arrangements with taxing entities provided to City Council/Agency Board and made public.
July 2003	Community Workshop on Plan Amendment
July 2003	Planning Commission makes formal recommendation to City Council/Agency Board on Plan Amendment and CEQA Document
July 2003	City Council/Agency Board conduct public hearing on Plan Amendment and CEQA Document
Sept 2003	City Council/Agency Board make required CRL and CEQA findings and approve any taxing entity financial arrangements. City Council introduces ordinance adopting Plan Amendment
Oct. 2003	Plan Amendment referendum period ends

Oct. 2003  
Nov. 2003

CEQA Document challenge period ends  
Plan Amendment challenge period ends

**VII. Consultant / Legal Team to Support Plan Amendment Process:** Agency staff proposes to assemble a team of consultants to prepare the necessary documentation required for the Plan Amendment.

*Outside Legal Counsel:* Specializing in California redevelopment law, the firm of Goldfarb and Lipman has provided the Agency with legal expertise on the plan amendment and plan adoption process since 1983. Staff has already engaged Goldfarb and Lipman to assist in evaluating the current proposal to amend the plan for the Industrial Project Area, and will continue to work with Goldfarb and Lipman as outside counsel during this process. Goldfarb and Lipman will be responsible for: (1) preparation of all notices, ordinances and resolutions; (2) preparation and monitoring of schedules; (3) review and comment on all documents prepared by consultants and staff; and (4) assistance to staff in all processing matters. Goldfarb and Lipman will also provide specialized services including: (1) working with staff and consultants to determine appropriate scope and methodology for plan amendment, preliminary report and environmental review; (2) attendance at public meetings as requested; and (3) participation in meetings, negotiations, and agreement preparation and approval related to taxing entities.

*Redevelopment Consultant:* Staff also proposes to negotiate an agreement with Seifel Consulting, Inc. for an amount not to exceed \$210,000 to provide the financial analysis and to prepare the Preliminary and Final Reports on the Plan Amendment. Libby Seifel, President of Seifel Consulting, Inc., is uniquely familiar with Fremont's redevelopment program, and has significant experience working on redevelopment plan amendments and adoptions for a number of cities in the San Francisco Bay Area. Seifel Consulting, Inc. worked with the Agency on the 1998 Amended Plans and most recently assisted staff in developing the preliminary analysis of tax increment revenue projections and agency impact study of the proposed Plan Amendment. Staff recommends that the Executive Director be authorized to negotiate and enter into a consulting services contract with Seifel Consulting, Inc. in an amount not to exceed \$210,000.

*Environmental Consultant:* In preparation for a quick turn around time for producing the CEQA environmental document and to ensure that a consultant is on board by the time the BART Warm Springs Draft SEIR is distributed in mid-August, staff has been seeking the services of an environmental consultant for the Plan Amendment. The consultant will be responsible for producing the required CEQA environmental document, integrating the 1998 EIR and the relevant portions of the BART Warm Springs SEIR. A competitive request for consultant qualifications, conditional upon the Agency Board directing staff to commence the Plan Amendment process, was initiated in June 2002. A consultant would be identified and scope negotiated if the Agency directs staff to proceed with the Plan Amendment process. The actual cost of the contract is yet to be determined and will be brought to the Council/Board for consideration in September, 2002.

**ENCLOSURES:** None.

**RECOMMENDATION:** Staff recommends the Agency Board and City Council adopt companion resolutions authorizing the Executive Director to:

1. Proceed with the proposed Plan Amendment for the Industrial Project Area to increase the tax increment cap by \$700 million, or \$280 million, Net Present Value (estimated and subject to revision as described in this report), providing additional resources to complete projects in the four redevelopment project areas (Irvington, Niles, Centerville and Industrial Area).
2. Commence consultations with the taxing entities leading to possible amended pass-through agreements and other cooperative funding arrangements for further City Council/Agency Board consideration.
3. Commence negotiations with BART staff to develop a funding agreement for the Irvington BART station (for future Agency Board consideration) and to obtain BART Board approval of the project.
4. Retain appropriate legal, economical and environmental consultants to prepare the Plan Amendment, Preliminary and Final Reports on the Plan Amendment, CEQA environmental document and other documentation required to complete the plan amendment process subject to the City's and the Agency's contracting processes.
5. Appropriate \$450,000 from the Agency's non-housing Fund No. 950 to Fund 950RDA1035 to support the consultant work on this project.

The recommended resolutions would additionally designate the City as the "lead agency" and the Agency as the "responsible agency" under CEQA for preparation of the appropriate CEQA documentation of the proposed Plan Amendment, and determine in accordance with the Redevelopment Law that the nature and scope of the proposed Plan Amendment does not require formation of a project area committee.

